

<b>Recommendation for Board Action</b>				
Austin Housing Finance Corporation	Item ID	63820	Agenda Number	5.
Meeting Date:	02/09/2017		Department:	Neighborhood and Community Development
Subject				
<p>Approve the negotiation and execution of a loan agreement with the Austin Geriatric Center, Inc., or an affiliated entity, in an amount not to exceed \$3,000,000 for the rehabilitation of senior housing at the Rebekah Baines Johnson Center and the development of new mixed-income housing on the site located at 21 Waller Street. (District 3)</p>				
Amount and Source of Funding				
<p>Funding is available in the Fiscal Year 2016-2017 Capital Budget of the Austin Housing Finance Corporation.</p>				
Fiscal Note				
<p>A fiscal note is attached.</p>				
Purchasing Language:				
Prior Council Action:	<p>December 17, 2015 – Council approved Resolution No. 20151217-057, initiating amendments to the Waterfront Overlay, Land Development Code § 25-2-735 (Festival Beach Subdistrict Regulations), to increase allowable impervious cover, and directed the City Manager to process an ordinance to be presented to City Council for consideration after completion of the required public process.</p> <p>June 23, 2016 – Council passed Ordinance No. 20160623-101, amending city code section 25-2-735 relating to regulation of senior housing and mixed use development within the waterfront overlay.</p>			
For More Information:	<p>Rosie Truelove, AHFC Treasurer, 512-974-3064; David Potter, Program Manager, 512-974-3192.</p>			
Boards and Commission Action:				
MBE / WBE:				
Related Items:				
Additional Backup Information				

If approved, the Austin Housing Finance Corporation (AHFC) would be authorized to enter into a loan agreement with the non-profit Austin Geriatric Center, or an affiliated entity, to rehabilitate the senior housing in the 16-floor Rebekah Baines Johnson building ("RBJ Tower") and to develop newly-constructed mixed-income housing at the site. The proposed activity will be located in Council District 3.

The Housing Bond Review Committee (HBRC) met October 4, 2016 to review this application proposed to be funded with General Obligation Bond (G.O. Bond) funds. The HBRC is an advisory committee created to ensure applications that may be funded with G.O. Bond funds are scored in compliance with program guidelines.

#### **Funding Request**

- The total funding request was \$7,000,000, and staff is recommending \$3,000,000 of Affordable Housing General Obligation Bond funds be approved in the current fiscal year.
- Funding will be used to construct or rehabilitate 491 rental units: 253 new units plus the rehabilitation of 238 units in the RBJ Tower.
- The project is also expected to utilize Low Income Housing Tax Credits as part of the financing plus a private lender loan.
- AHFC funding would represent approximately 4% percent of the total project cost, with an average cost of AHFC funds at \$21,428 per AHFC-assisted unit.
- Estimated Sources and Uses for the project are as follows:

#### **Sources:**

Owner Equity	\$ 890,000
Requested AHFC funding	3,000,000
Private Lender Loan	21,750,000
Tax Credit Equity	26,984,233
Sales Proceeds (Excess Land)	11,768,000
Deferred Developer Fee	1,209,663
Seller Financed Note	<u>10,000,000</u>
<b>Total</b>	<b>\$75,601,896</b>

#### **Uses:**

Acquisition	\$10,000,000
Pre-Development	2,705,000
Construction/Hard Costs	51,919,875
Soft & Carrying Costs	<u>10,977,021</u>
<b>Total</b>	<b>\$75,601,896</b>

#### **Project Characteristics**

- The project has two major components: the construction of new housing and the rehabilitation of the RBJ Tower. After the new housing is constructed, RBJ Tower residents will be temporarily relocated there while the tower rehabilitation takes place. Residents will have the option to move back into the rehabilitated tower if they so choose.
- Portions of the approximately 17.8 acres owned by the Austin Geriatric Center will be sold to help finance the project. Some commercial space will be included in the overall development of the property.
- 450 units will be affordable and 45 units will be "market rate," having no income restrictions. Rents on the affordable units will range from approximately \$353 to \$811, depending on unit size and the resident's income level.

#### **Population Served**

Per Ordinance No. 20160623-101, the number of units serving households with specific income limits follows:

- 310 rental housing units that serve residents earning at or below 60% of Median Family Income (MFI)
- 40 rental housing units that serve residents earning at or below 30% of MFI
- 100 rental housing units that serve residents which are either:
  - earning at or below 30% of MFI and receiving a rent subsidy; or
  - earning at or below 50% of MFI, without a rent subsidy, or with a rent subsidy that is required to be available under federal law to residents earning up to 50% of MFI.

#### **Current Property Tax Status and Future Impact**

All of the property owned by the Austin Geriatric Center is fully exempt from property tax. The property that will be sold by the Austin Geriatric Center will be taxed under the Property Tax Code according to its use.

#### **The Austin Geriatric Center, Inc. and DMA Development Company, LLC**

The Austin Geriatric Center has been operating the RBJ Tower for more than 40 years. It is intimately familiar with the needs of the physical plant as well as its residents as long term stewards of that property. DMA Development Company will serve as Austin Geriatric Center's development consultant for the rehabilitation of the RBJ Tower. DMA Development Company is very experienced in the development and construction of complicated real estate developments, having extensive experience with both new construction and renovation, and with all the financial tools proposed for this project. DMA Development Company most recently closed bond financing and began construction on a 240-unit vertical mixed use development in the Mueller community. This development, Aldrich 51, is a joint venture with AHFC, utilized 4% housing tax credits and tax exempt bond financing, and involved structured parking, as does this proposed development.

For more information on the proposed project, as well as socioeconomic characteristics and amenities in the surrounding area, please see the project's Development Information Packet here:

<https://austintexas.gov/page/fy-16-17-funding-applications>